CITY OF COSTA MESA

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Legislation Details (With Text)

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Indexes:				
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Attachments:	1. Agenda Report, 2. 1. City's MOE for FY 2024-25, 3. 2. M2 Eligibility CIP Projects, 4. 3. Proposed Resolution with Exhibit A			

Date	Ver.	Action By	Action	Result

TITLE:

RENEWED MEASURE M (M2) ELIGIBILITY

DEPARTMENT: **PUBLIC WORKS DEPARTMENT /TRANSPORTATION SERVICES DIVISION**

PRESENTED BY: **RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR**

CONTACT INFORMATION: **JENNIFER ROSALES, TRANSPORTATION SERVICES MANAGER, (714) 754-5343**

RECOMMENDATION:

Staff recommends the City Council:

1. Approve the City's Maintenance of Effort (MOE) for Fiscal Year (FY) 2024-25.

2. Approve the M2 Seven-Year Capital Improvement Program (CIP) comprising the City's Five-Year and future year CIP for FY 2024-25 through FY 2030-31.

3. Adopt Resolution No. 2024-xx, for the Update of the Pavement Management Plan.

4. Authorize staff to submit documents to meet M2 Eligibility requirements.

BACKGROUND:

In November 1990, the Orange County voters passed Measure M, the Revised Traffic Improvement and Growth Management Ordinance. The Ordinance provided for the establishment and implementation of a one-half percent retail transaction and use tax to fund transportation improvements for a period of 20 years. The County of Orange Board of Supervisors designated the

Orange County Transportation Authority (OCTA) as the local transportation authority responsible for administering the revenue from Measure M that ended in 2011.

Renewed Measure M (M2) is a 30-year extension of the original program, approved by voters in 2006. Like its predecessor, Renewed Measure M net revenues are generated from the retail transaction and use tax of one-half percent. Net revenues contribute to two (2) types of Renewed Measure M funding: Fair Share and Competitive.

All Orange County cities are eligible for Fair Share funding, based on population, number of existing Master Plan of Arterial Highways centerline miles, and taxable sales. For FY 2024-25, Costa Mesa is estimated to receive approximately $3.6 million in Fair Share funds once OCTA eligibility requirements are met. Fulfilling these requirements will also allow the City to qualify for competitive funding allocations.

ANALYSIS:

Every year, the OCTA determines if a local jurisdiction is eligible to receive Renewed Measure M Fair Share funding. To qualify for funding through the OCTA, the City must submit the following eligibility requirements established for FY 2024-25, prior to the submittal deadline of June 28, 2024.

Maintenance of Effort (MOE) - The City is required to document and assure that it is maintaining a minimum level of funding for annual street and road expenditures from sources other than Renewed Measure M funds. This is to ensure that Renewed Measure M funds are used to supplement, and not replace or supplant, the existing general funds or other revenues used for street and road improvements. Failure to meet the MOE requirement may jeopardize the City's eligibility and receipt of Fair Share funding while also triggering an additional audit in order to get back into compliance the subsequent year. Attachment 1 is the City's MOE for FY 2024-25.

Seven-Year Capital Improvement Program (CIP) - Each jurisdiction is required to prepare an M2 Seven-Year CIP. The CIP is an extensive list of projects required by the General Plan, as well as projects needed to maintain a satisfactory driving surface. A project must also be on the Seven-Year CIP list in order for it to be eligible for Renewed Measure M competitive grant funds, or other types of State or Federal funds, should they become available. The M2 Seven-Year CIP included as Attachment 2 and consists of the City's Five-Year and the future year CIP.

Pavement Management Program (PMP) - The City must adopt and update the PMP biennially and submit a copy of the PMP with a certification form and a resolution certifying compliance with the County guidelines. The PMP is the City's strategic plan to manage the preservation, rehabilitation, and maintenance of paved roads by analyzing pavement life cycles, assessing overall system performance costs, and determining alternative strategies and costs necessary to improve paved roads. Attachment 3 is the resolution, approving the City's updated PMP (Exhibit 1).

Traffic Forums - The City is required to participate in Traffic Forums. City staff participated in various working group sessions hosted by the OCTA and met this requirement.

With the approval and submittal of the above-listed documents to the OCTA, the City meets the eligibility requirements for Measure M2 Fairshare funding, estimated at approximately $3.6 million, from the County's Renewed Measure M one-half percent sales tax initiative for Fiscal Year 2024-25. Elimination of any projects from the M2 Seven-Year CIP may jeopardize possible future grant funding for that particular project, should grant funding become available. Staff requests City Council approval of the recommended actions.

ALTERNATIVES:

The City Council may elect to not approve or modify the submittals. This may result in the City not complying with the eligibility requirements and the potential risk of losing Measure M2 grant funding. Failure to meet such requirements may also result in an additional audit to bring the City back into compliance the subsequent year.

FISCAL REVIEW:

The Finance Department has reviewed and signed the Maintenance of Effort (MOE) form certifying that the City has budgeted and will meet the MOE minimum level of funding requirement for FY 2024-25.

LEGAL REVIEW:

The City Attorney's Office has reviewed this agenda report and the resolution for the Pavement Management Plan and approves them as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goals:

- Achieve Long-Term Fiscal Sustainability
- Strengthen the Public's Safety and Improve the Quality of Life

CONCLUSION:

The City of Costa Mesa, like other Orange County cities, is required to annually adopt and/or approve certain items in order to remain eligible for grant funds from the Renewed Measure M program. Accordingly, staff recommends the City Council approve the proposed Maintenance of Effort (MOE), approve the M2 Seven-Year Capital Improvement Program (CIP) consisting of the City's Five-Year CIP and future year CIP, adopt the resolution for the Pavement Management Plan, and authorize staff to submit documents to meet M2 Eligibility requirements.